BOOK REVIEWS

Gold Prices and Wages under the Greenback Standard. By WESLEY C. MITCHELL. University of California Publications in Economics. Vol. I., 1908. Fol. pp. xv+627.

In this volume we have the most scientific, scholarly, economic-statistical study in the subject of money ever made in our country. It stands alone in its field, and it is very much to be doubted if its accuracy and methods can be excelled. For the treatment of the greenbacks the materials have been here exhausted.

The exposition is divided into two parts. The first 283 pages are devoted to the summarized tables with explanatory comments, being chapters on "The Gold Premium," "Wholesale Prices," "Retail Prices," "Relative Wages," and "Inter-relations between Prices in Gold and Goods and Labor, for the Period of 1860–1880." The last 344 pages contain a treasury of accurately worked-out details from which the general tables have been obtained. These last seven appendices are not merely tables transcribed from other sources; they are themselves the outcome of long and painstaking calculations. In addition there are twelve invaluable charts which present the results in graphic form. The whole performance is a great *tours de force.* One can recall nothing in German monetary literature which equals it, unless it be Soetbeer's *Studies on Gold and Prices.*

The author expressly disavows any intention of discussing the significance of the data. In fact, this array of statistical data has been put out as the basis for a coming book which will treat of the larger questions of interpretation and principle, and yet, at every turn, one comes upon important conclusions touching the theory of prices. When we remember how general was the belief among economists of the last generation that the value of the circulation was directly affected by its quantity, the conclusions of the author (p. 14), based on the facts, that the value of the greenback was directly affected by the prospect of resumption of specie payments, shows a significant progress in the study of money. The great fall of prices between January, 1865, and July, 1879—which played so large a part in bimetallic discussions as to the appreciation of gold—are shown to have been distinct from contemporaneous price-movements in England and Germany, and to have been "coincident

with irregular appreciation in the specie value of the paper dollar" (p. 27; cf. also p. 41).

The chief scientific interest in this work, however, to students of statistics and prices must obviously lie in the discussion of the much-vexed question as to the method of computing the averages. It is significant that the geometrical mean is practically neglected. But it does not follow that the arithmetic mean is given the superior claim. It is true that the arithmetic average is extensively used; but the introduction of deciles is the matter of real interest. To Professor Mitchell we are indebted for a trial of deciles on a scale never before attempted. He has made clear that no single set of averages—whether geometric, medians, or modes—can show anything more than a net result of diverse fluctuations in price-quotations. "The variety of the relative prices of different commodities on the same date; their dispersion over a wide or narrow range; their concentration around certain points or within certain limits; and the variety of changes which occur between two dates cannot be shown by such means" (p. 19). Hence the resort to deciles. "They give for each date the highest and lowest of the relative prices found among the series used, and also the points in the scale of relative prices which divide the whole number of series as nearly as may be into ten equal parts. These dividing points—the deciles—thus correspond in character to medians; indeed the fifth decile is the median." Thus, the tables giving the relative changes in the premium on gold, wholesale and retail prices, and wages, are computed—at an enormous expenditure of time and patience—in deciles, while arithmetic averages are presented in parallel columns for purposes of comparison. At once these tables speak to us in a new language. No longer are the actual changes of different classes, or different grades, of goods lost in a single blurred compound. A new interpretation is possible. For instance, we find that wholesale prices in 1860–80 were marked by extraordinary diversity in the degree of rise and fall of different commodities; and by an upward trend to January, 1865, followed by a downward trend to July, 1879. The deciles, then, show the wide intervals between the highest and lowest prices on each date. The cases thus given are exceedingly interesting. The deciles do not move up and down in the same degree, nor do all agree in the direction in which they move. The possibilities for getting aid from tables of deciles in studies affecting certain classes of goods,

or the consumption of certain budgets, are at once apparent. Nor could this have been done without the years of unremitting toil given this task by the author.

Many other points of interest claim our attention in this volume: The errors of the Falkner Tables in the *Aldrich Report* are clearly shown (cf. pp. 17–19, 86, 92, etc.). There is a remark bearing on the marginal utility errors, when the author says that "a farmer's money-income is to him a whole—not an aggregate of successive tenths in each of which he sees a separate significance aside from its contribution to the whole" (p. 55). Among other points are: the effect on the arithmetic mean of excessive rises in price during the civil war (p. 58); the dragging effect of house-rent on the cost-of-living curve (p. 88), and a host of other suggestions. Chapter iv, treating of wages, is perhaps unequaled of its kind in accuracy and real value. In fact, the book is beyond praise; and the reviewer can only express the obligations of students of money to the author and to the university which made its publication possible in such admirable form.

J. LAURENCE LAUGHLIN

THE UNIVERSITY OF CHICAGO

Public Ownership and the Telephone in Great Britain. By HUGO R. MEYER. New York: Macmillan, 1907. Pp. xviii+386.

I cannot understand what useful object is intended to be met by this book. The Bell Telephone Company would not care to circulate it, because it demands immunity from regulations which are not asked; and its intemperate bias produces a revulsion of feeling in the ordinary reader. The National Telephone Company can take only a mournful interest in it as a diatribe against that British bulldog obstinacy that finally forced it to sell out to the government. The American law-maker who is trying to draft a bill on sound principles that will preserve private enterprise and at the same time protect the public, will find in the book very little to assist him. Meyer's position seems to be that a public utility corporation like the National Telephone Company should be granted an absolute monopoly, unlimited in time, with power to use the streets and highways against the will of the municipal governments, and that the remedy for such evils as inadequate or discriminating service, excessive charges, and undue political influence, "lies not in the legislative limitation of the power and scope of the great trading